



# ***INSIGHTS***

108<sup>th</sup> Congress

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***INSIGHTS*** is prepared expressly for the Department of Energy's Office of Federal Energy Management Programs (FEMP). The purpose of ***INSIGHTS*** is to provide FEMP management staff with timely information on legislative activities relevant to the program. ***INSIGHTS*** is prepared for FEMP by Energetics, Incorporated, (202) 479-2748.

# I. WEEKLY SUMMARY

## CONGRESSIONAL SCHEDULE

### House

This week, the House will conduct hearings on the following topics of interest:

- Comprehensive energy legislation (electric utility restructuring, reformulated gasoline, among other topics)
- FY 2004 Energy and Water Development Appropriations (renewable energy)
- FY 2004 Budget Request

### Senate

This week, the Senate will conduct hearings on the following topics of interest:

- **Comprehensive energy legislation (Federal Energy Management Program)**
- FY 2004 Energy and Water Development Appropriations (renewable energy)

## CONFERENCE COMMITTEES/VOTES

*No conference committee action of interest is anticipated.*

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# II. COMMITTEE ACTIVITY

## HOUSE

### Legislation

***Comprehensive Energy Legislation*** On February 28, Joe Barton (R/TX), Chair of the Subcommittee on Energy and Air Quality (Committee on Energy and Commerce) released most, but not all of the language for his proposed comprehensive energy bill. The following includes a summary of provisions of interest that was contained in Chairman Burton's bill:

Chairman Barton hopes to complete mark up of a comprehensive energy bill prior to the next Congressional recess, which begins on April 11. This week, he will hold a hearing dealing with electric utility restructuring, a controversial issue in both the House and Senate. The hearing will also address provisions dealing with reformulated gasoline among other topics. In the House, Democrats are challenging the Republican proposal for a variety of reasons, including the House's inability to reach a bi-partisan consensus on a restructuring proposal. John Dingle (R/MI), Ranking Member of the full

committee believes additional hearings should be held on utility restructuring in order to draft a non-partisan utility provision.

To date, the subcommittee has held two hearings on comprehensive energy legislation and plan a third hearing this week before marking up the bill and sending it to the full committee for another mark up. A key reason to press for a mark up and consideration on the House floor is the pending war with Iraq, which is expected to have a dramatic impact on the global price of oil. Full committee Chair, Billy Tauzin (R/LA), was quoted last week referring to this bill with the following comment, "We had better make some decisions quickly... We're on a fast track. No one should be upset about that."

## **Title I - Energy Efficiency and Conservation**

**Title I provides for an array of energy efficiency measures at all levels of government and in the private sector.** This title is comprised entirely of provisions adopted by the House-Senate energy conferees. The only changes are conforming changes needed to reflect the fact that the year is now 2003, not 2002.

**Subtitle A, "Federal Leadership in Energy Conservation,"** provides for improved energy efficiency measures in Federal facilities and related Federal energy conservation initiatives. Specifically, the title provides for energy and water saving measures in congressional buildings, energy management requirements, energy use measurement and accountability, building performance standards, procurement of energy efficient products and recycled concrete, energy savings performance contracts, voluntary commitments to reduce industrial energy intensity, Federal agency participation in demand reduction programs, and an advanced building efficiency testbed program.

**Subtitle C, "Energy Efficiency for Consumer Products",** authorizes the EPA-DOE Energy Star Program to recognize highly efficient products. The subtitle provides for consumer education on energy efficiency benefits of air conditioning, heating, and ventilation maintenance. The subtitle provides for new energy efficiency standards and product labeling for battery chargers, external power supplies, commercial refrigerators, freezers, and refrigerator-freezers, illuminated exit signs, low-voltage dry-type transformers, torchiere light fixtures, unit heaters, traffic signal modules, suspended ceiling fans, and cold-drink vending machines.

## **Title V – Vehicles and Fuels**

**Title V has many elements of informal agreements between House-Senate energy conferees last year.** Subtitle A establishes an Energy Policy Act credit for "substantial contribution toward use of dedicated vehicle s in noncovered fleets," a credit for investment in alternative fuel infrastructure, waives certain alternative fuel vehicle fueling requirements.

**Subtitle B, not considered in the energy conference, authorizes the FreedomCAR and establishes the Hydrogen Fuel program** with goals of hydrogen fuel cell cars competing in the market by Model Year 2020. It also pursues widespread availability of hydrogen fuel infrastructure, including for refueling.

**Subtitle C establishes a pilot program for Clean School Buses and a fuel cell bus development and demonstration program.** Subtitle D addresses other advanced vehicles, including hybrid gas-electric vehicles, neighborhood electric vehicles, ultra-low sulfur diesel vehicles. Subtitle E concerns miscellaneous programs such as railroad efficiency, mobile emissions reductions trading and credits, idle reduction technologies, a study of aviation fuel conservation and emissions, and diesel fueled vehicles.

## **Title VI – DOE Programs**

Title VI has many elements of informal agreements between House-Senate energy conferees last year. Authorizes funds for Department of Energy activities on energy efficiency (including the Next Generation Lighting Initiative and Secondary Electric Vehicle Battery Use Program), distributed energy and electric energy systems, renewable energy, nuclear energy, fossil energy (including Ultradeepwater and Unconventional Natural Gas), advanced fuel recycling, and other activities.

## **Title VII – Electricity**

### **Subtitle A - Transmission Capacity**

Title VII promotes needed investment in transmission by requiring FERC rulemaking on just and reasonable rates of return and “participant funding”.

Expedites the construction of critical transmission lines identified by the Department of Energy. For such lines, persons may obtain a permit from FERC and exercise eminent domain if, after one year, a State is unable or refuses to site the line. If such line crosses Federal lands, and the Federal land management agency is unable or refuses to grant the necessary right of way within one year, a State may exercise the authority of the Federal agency to establish the right-of-way where allowed under existing law. States are authorized to form voluntary compacts to facilitate transmission siting. The Federal government is directed to study the use of existing corridors on Federal land and the potential to establish new corridors and report to Congress. Federal land management agencies, DOE, and CEQ are required to develop a Memorandum of Understanding to coordinate permitting decisions and environmental reviews.

### **Subtitle B – Transmission Operation**

To improve flow of interstate power among utilities and regions, harmonizes regulation of interstate transmission by granting FERC partial jurisdiction over the interstate transmission of currently non-regulated utilities (municipally-owned utilities, rural electric cooperatives, and Federal utilities).

Explicitly authorizes the Federal electric utilities (Bonneville Power Administration, other Power Marketing Administrations, and the Tennessee Valley Authority) to participate in regional transmission organizations (RTOs).

Expresses the Sense of Congress that all utilities should voluntarily participate in RTOs and that FERC should grant incentives for their participation. Requires FERC to report to Congress on review of pending applications to form RTOs.

### **Subtitle C – Reliability**

FERC is authorized to certify an electric reliability organization such as the North American Reliability Council (NERC) with the ability to develop, implement and enforce reliability standards for the bulk-power system. Language is the same as an informal agreement during House-Senate energy conference last year.

### **Subtitle E – PURPA Amendments**

Allows opportunities for prospective relief from the mandatory purchase obligation of the Public Utility Regulatory Policies Act of 1978 (PURPA). Relief is available by meeting any of the following three conditions: 1) the specific attributes of a competitive wholesale market as referenced in last year’s

Carper-Collins amendment in the Senate; 2) a finding by FERC that the utility operates in a competitive wholesale market; or 3) the utility is a member of a FERC-approved RTO.

Provides for State consideration of real-time pricing and time-of-use metering standards.

### **Subtitle F – Renewable Energy**

Requires that States consider uniform standards for “net metering” service.

Expands and reauthorizes the Renewable Energy Production Incentive (REPI), which provides payments for production of certain renewables, and expands the program to include landfill gas.

Requires a report to Congress on opportunities to develop renewable energy on Federal lands and a review and assessment of certain renewable energy resources in the United States.

### **Subtitle G - Market transparency, round-trip trading prohibition, and enforcement**

Directs FERC to establish rules improving transparency in wholesale electric power markets. Prohibits round-trip (or “wash”) trades of electric power with intent to distort prices. Increases and expands criminal and civil penalties for violations of the Federal Power Act.

### **Subtitle H – Consumer Protections**

Changes the effective date from 60 days after complaint to date of complaint for FERC-ordered refunds of wholesale power sales above just and reasonable rates.

Provides that all spot market sales of wholesale power, including those by municipally-owned utilities and cooperatives, are subject to FERC-ordered refunds for sales above just and reasonable rates.

Directs the Federal Trade Commission to publish rules regarding consumer privacy and prohibiting “slamming” and “cramming” in retail electricity markets.

### **Title IX – Renewable Fuels Standard**

Language has not been finalized.

### **Title X – Automobile Efficiency**

Title X authorizes the National Highway Transportation and Safety Administration (NHTSA) additional \$5 million to implement and enforce fuel economy standards for fiscal years 2004 through 2006.

Directs the National Academy of Sciences (NAS) to study the feasibility and effects of significantly reducing the use of fuel for automobiles by model year 2012 and a recommendation of alternatives to the CAFE system.

### **Summary of Hearings**

*Comprehensive Energy Legislation* On March 5, the Committee on Energy and Commerce heard testimony from DOE Deputy Secretary Kyle McSillarow; the Chairman of the Nuclear Regulatory Commission, Richard Meserve; FERC Chairman Pat Wood; FERC Commissioners Nora Mead-Brownell and William Massey; and other representatives of private interest groups. Mr. McSillarow discussed at length two of the Administration’s National Energy Policy priorities that are “of particular significance”

in drafting comprehensive energy legislation,” hydrogen and fusion. The President's Hydrogen Fuel Cell Initiative would invest \$1.7 billion over the next five years to lower the cost of fuel cells by a factor of ten, lower the cost of hydrogen with a 2010 goal to bring down the cost of hydrogen to \$1.50 per gallon, devise new methods to store hydrogen fuel on a vehicle, and establish a network of infrastructure for hydrogen refueling. **Mr. McSlarrow also suggested that comprehensive energy legislation should include provisions to modernize wholesale electricity laws, foster energy efficiency and conservation, establish a national renewable fuels standard to increase the use of ethanol in reformulated gasoline, construct a natural gas pipeline in Alaska, and continue to keep the Strategic Petroleum Reserve at present capacity.** With respect to Chairman Barton's draft energy bill, Deputy McSlarrow referred to the electric utility provision as “a strong step in the right direction” – supporting much of what is proposed in the bill.

Chairman Pat Wood agreed with the House provisions of the draft legislation to enhance FERC's ability to collect energy trading data and more severely reprimand market abusers. He also supports the “framework for the expedited approval, construction, and initial operation of an Alaska natural gas transportation project.” However, he was criticized by a number of Republican and Democratic members for FERC's Standard Market Design (SMD) proposal as an effort to reduce state and local control over the power grid. Chairman Wood told members the purpose of the SMD proposal is to achieve grid reliability throughout the U.S.

Ms. Mead-Brownell stated that establishing Regional Transmission Organizations (RTO) will become more prevalent as “the majority of public utilities now seem to recognize the value of RTOs – almost every transmission-owning public utility has announced its intention to join a specific RTO.” She noted that RTO status was recently granted to the PJM Interconnection and Midwest ISO; several more RTO filings are pending.

Committee members Henry Waxman (D/CA) and Edward Markey (D/MA) commented that the Republican-sponsored draft legislation does not sufficiently endorse a renewable portfolio standard or Corporate Average Fuel Economy standards.

**Hydrogen** On March 5, the Committee on Science heard testimony on “The Path to a Hydrogen Economy,” from DOE's Assistant Secretary for Energy Efficiency and Renewable Energy, David Garman; California Air Resources Board Member, Alan Lloyd; Princeton Environmental Institute Scientist, Joan Ogden; General Motors Vice President of Research and Development and Planning, Larry Burns; and Shell Hydrogen's CEO, Donald Huberts. Mr. Garman testified that the Administration's plans to spend an estimated \$1.7 billion on the FreedomCAR Partnership and Hydrogen Fuel Initiative. Of this amount, \$1.2 billion on the Hydrogen Fuel Initiative, which includes resources for work to support hydrogen and fuel cells. He noted that the plan does not earmark funding to build an infrastructure – will rely on the private sector to do so. Mr. Garman identified four steps to making everyday hydrogen use a reality:

- **Phase I:** Government and private organizations will research, develop, and demonstrate “critical path” technologies and safety assurance prior to investing heavily in infrastructure; Phase I will be completed by 2015.
- **Phase II:** Transition to the marketplace is projected to begin in 2010, for applications such as portable power and stationary applications. Market penetration will likely occur around 2020. For this to happen, the marketplace must develop reasons for a switch to fuel cells in addition to public benefits of fuel efficiency and low emissions – reasons such as greater value delivery and

improved performance.

- Phase III: Expansion of markets and infrastructure; the Federal Government will foster the infrastructure expansion phase.
- Phase IV: Realization of the Hydrogen Vision, projected to begin about 2025, is the recognition that customer approval has been met, energy security has been strengthened, and industry can reap adequate returns on investment. The full hydrogen economy would be established by 2040.

Mr. Lloyd said that the greatest hurdle for conversion to a hydrogen economy is achieving a reduction in the cost of hydrogen generation and fuel storage. To overcome these problems, he recommends that the Federal Government promote hydrogen fuel cell vehicles for government fleets and provide early buy-downs for public fleets. He also recommends additional pilot fleet demonstrations with a Federal program be demonstrated on a national scope.

Ms. Ogden noted “hydrogen holds the greatest long-term promise for dealing simultaneously with air pollution, greenhouse gas emissions, and energy supply diversity.” She agrees with the position that modest improvements in more traditional internal combustion engine technologies could help address environmental and energy supply problems in the short run. However, over the long-term, concepts such as hydrogen and fuel-cell vehicles, although high-risk and long-term, have a greater payoff. She recommends Congressional support of these programs as “insurance” to draw on in the future for wider deployment of hydrogen technologies.

General Motors has set a goal of being the first automobile manufacturer to sell one million hydrogen fuel cell vehicles; the company hopes to introduce their first vehicles by 2010. Shell Hydrogen recommends that the Federal Government continue providing research and development funds to support various hydrogen initiatives. In addition, the company testified to the importance of harmonizing international codes and standards; increasing public education; reducing the risk of developing a new fuel infrastructure; and weighing the implications of hydrogen applications on a social, environmental, and economic basis.

***FY 2004 Defense Authorization*** On February 25, the House and Senate Committees on Armed Services held separate hearings on the *FY 2004 Defense Authorization bill* (the bill is reauthorized on an annual basis). The committees received testimony from the Army Chief of Staff, General Eric Shinseki; Chief of Naval Operations, Admiral Vernon Clark; Commandant of the Marine Corps, General Michael Hagee; and Air Force Chief of Staff, General John Jumper. The hearings focused on future plans for facilities maintenance and real property acquisition as outlined in the pending *FY 2004 Defense Authorization bill*. General Shinseki described the significant gains in facility management achieved by the Army during the past several years; he urged continued Congressional funding in future years. He told members that the *FY 2004 Defense Authorization bill* works “to prevent future degradation of our facilities, [and] the Army has increased its funding for facilities sustainment to 93 percent of requirement beginning in FY04.”

Admiral Clark favors FY 2004 request because the bill provides 93 percent of the modeled sustainment cost for shore installations, which is an increase from FY 2003 actual funding level; the FY 2003 budget met 84 percent of the cost. General Hagee expressed the Marine Corps’ support for the Base Realignment and Closure plan for FY 2005.



## SENATE

### Legislation

***FY 2004 Appropriations*** Last week, Ted Stevens (R/AK) and Don Nickles (R/OK), Chairs of the Committee on Appropriations and the Budget respectively, announced that an FY 2003 Emergency Supplemental Appropriations bill, which most likely will respond to a pending war with Iraq, will not affect the discretionary spending baseline of the FY 2004 appropriations in the form of reoccurring funding. In addition, the Senate Republican leadership is developing a 10-year funding plan beginning with the FY 2004 appropriations. The Congressional Budget Office has proposed a five-year timeframe. Meanwhile, the Democrats are preparing their own budget proposal, which they hope to introduce for floor consideration during the week of March 17.

### Summary of Hearings

***Comprehensive Energy Legislation*** On March 11, the Committee on Energy and Natural Resources held a hearing on energy efficiency, focusing on Federal energy programs. Senator Lisa Murkowski (R/AK) presided over the hearing in the absence of the committee chair, Pete Domenici (R/NM). Testimony was received from David Garman, DOE Assistant Secretary for Energy Efficiency and Renewable Energy; Paul Lynch, Assistant Commissioner, General Services Administration; Erbin Keith, Senior Vice President of Sempra Energy Solutions; Joseph McGuire, President of the Association of Home Appliance Manufacturers; and David Nemtsov, President of the Alliance to Save Energy. In his opening remarks, Jeff Bingaman (D/NM), the Ranking Member said, “there is a lot that we can do to improve energy efficiency, especially in the Federal sector.” Assistant Secretary Garman told the committee that the Administration has five key activities to achieve energy and water efficiency:

- Research and development
- Appliance standards
- EnergyStar
- Partnerships with states
- Leading by example through Federal energy management

With respect to Federal facilities and operations, Mr. Garman emphasized the need to incorporate energy efficiency in both the design of new facilities and the renovation of existing buildings. He noted the important role of alternative financing and the need to educate Federal procurement officials. He also addressed accomplishments to date, including the fact that most of the “low hanging fruit” has been picked in the Federal sector and it is important to look at other energy and water saving opportunities. For example, he referred to *Executive Order 13221 – Energy Efficient Standby Power Devices*. As a result of this order, Mr. Garman said the manufacturers of standby power devices have developed significant design standards. He also referred to the statutory authority for performance contracting, which expires this fall. In response to a question about making this a permanent authority, Mr. Garman suggested a five-year extension. Mr. Lynch of GSA described his agency’s progress in incorporating energy efficiency in Federal facilities by reducing energy use by about 21 percent over the 1985 baseline. He said energy reductions were achieved in all types of facilities, including industrial and laboratories. The agency has received an EnergyStar designation for 93 buildings and is working on receiving more. GSA currently has 13 Energy Savings Performance Contracts (ESPC), which includes seven new projects awarded in 2002 alone.



Mr. Erbin testified on behalf of the ESPC Coalition and urged the committee to extend the statutory authority for performance contracting. He noted that because of the pending sunset provision, fewer projects are being implemented. Mr. Erbin briefly discussed several highly successful projects, including those implemented at Fort Bragg, Twentynine Palms, and VA medical centers in four states.

Senator Murkowski asked Mr. Garman whether the Administration would support expansion of performance contracting to support non-building activities. He said that the agency would consider a pilot program of up to 10 projects, Senator Bingaman asked Mr. Nemptow to elaborate on the type of non-building projects that could be implemented; Mr. Nemptow suggested high energy uses such as irrigation systems and military equipment (e.g., lighting on ships). To increase accountability, Senator Dorgan(D/ND) asked about giving Congress a scorecard on how effective agencies are in saving energy. Mr. Garman agreed that this would be a good idea.

***Electricity Markets*** On March 4, the Committee on Energy and Natural Resources heard testimony on the state of electric markets from a panel of experts, including Michigan Public Service Commissioner, David Svanda; President and COO of PSEG Power, Frank Cassidy; and Chairman and CEO of MidAmerican Energy Holdings Company, David Sokol. Testimony focused on restoring the financial condition of national energy markets. To accomplish this, Mr. Svanda recommended five steps to restoring confidence: 1) establishing regional energy markets; 2) encouraging complementary Federal, regional, and state regulatory practices; 3) working as state regulators to exercise balanced decision making and consistent rules; 4) reforming PUHCA; and 5) providing tax incentives to promote greater development and use of renewable energy. Mr. Cassidy said financial difficulties in the electric industry result from consumer uncertainty with regard to the industry. Accounting difficulties, accusations of price manipulation, and inaccurate financial reporting in the electric industry have unnerved consumers, as has the lack of policy consensus on the future of the industry. Mr. Sokol asked that “Congress not wait to act until political consensus is reached on every issue. That merely works to the advantage of those who take extreme positions in the policy arena or who prosper as a result of market failures. This is no longer an exercise in academic policy making, but rather a critical component of any economic recovery program.”

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## IV. NEW LEGISLATION

*(Note: Once a new bill is introduced, the Government Printing Office generally requires from several days to one week to make the bill available in print)*

### HOUSE

Number	Short title	Date	Sponsor	Status										
H.R. 1401	Distributed Power Hybrid Energy Act	February 27	Mark Udall (D/CO)	Referred to the Committee on Science										
	<div>Provisions of Interest:<ul style="list-style-type: none"><li>➤ DOE shall develop for Congress, a distributed power hybrid systems strategy showing:<ul style="list-style-type: none"><li>➤ Opportunities and priorities that might best be met with distributed power hybrid systems configurations</li><li>➤ Barriers to the use of distributed power hybrid systems</li><li>➤ Technology gaps</li><li>➤ System integration tools needed to plan, design, build, and operate distributed power hybrid systems for maximum benefits</li></ul></li><li>➤ Within 1 year of enactment, DOE shall provide Congress a report on the use of distributed power hybrid systems in the U.S., and remaining research and development issues.</li><li>➤ Provides to DOE the following funds:<table><tr><td>FY 2004</td><td>\$ 5,000,000</td></tr><tr><td>FY 2005</td><td>\$10,000,000</td></tr><tr><td>FY 2006</td><td>\$20,000,000</td></tr><tr><td>FY 2007</td><td>\$20,000,000</td></tr><tr><td>FY 2008</td><td>\$ 5,000,000</td></tr></table></li></ul></div>				FY 2004	\$ 5,000,000	FY 2005	\$10,000,000	FY 2006	\$20,000,000	FY 2007	\$20,000,000	FY 2008	\$ 5,000,000
FY 2004	\$ 5,000,000													
FY 2005	\$10,000,000													
FY 2006	\$20,000,000													
FY 2007	\$20,000,000													
FY 2008	\$ 5,000,000													
H.R. 964	Electric Refund Fairness Act of 2003	February 27	Doug Ose (R/CA)	Referred to the Committee on Energy and Commerce										
	<div>Provisions of Interest:<ul style="list-style-type: none"><li>➤ Amends the Internal Revenue Code of 1986, to provide a 10-year extension of the credit for producing electricity from wind from 2004 to 2014.</li></ul></div>													
H.R. 1011	No Short Title	February 27	George Nethercutt (R/WA)	Referred to the Committee on Ways and Means										
	<div>Provisions of Interest:<ul style="list-style-type: none"><li>➤ Amends the Internal Revenue Code of 1986, to provide a 10-year extension of the credit for producing electricity from wind from 2004 to 2014.</li></ul></div>													

Number	Short title	Date	Sponsor	Status
<b>H.R. 991</b>	<b><i>Renewable Fuel Equity Act</i></b>	February 27	Duncan Hunter (R/CA)	Referred to the Committee on Ways and Means
<b>H.R. 1020</b>	<b>Provisions of Interest:</b> Amends the <i>Internal Revenue Code of 1986</i> , to expand the renewable resources production tax credit to include additional forms of renewable energy, and to expand the investment tax credit to include equipment used to produce electricity from renewable resources. <ul style="list-style-type: none"> <li>➤ Adds as qualified energy resources, geothermal energy, solar energy, incremental hydropower, and biomass (other than closed-loop biomass).</li> <li>➤ Extends until 2009, tax credit for qualified energy resources and covers biomass facilities placed in service after December 31, 1992, and before January 1, 2009, or facilities owned by the taxpayer which is originally placed in service on or before December 31, 1992, and modified to use closed-loop biomass to co-fire with coal before January 1, 2009.</li> <li>➤ Expands investment tax credit to include equipment used to produce electricity from certain renewable resources.</li> <li>➤ Amendments shall apply to equipment placed in service after December 31, 2003.</li> </ul>			
	<b>No Short Title</b>	February 27	Paul Ryan (R/WI)	Referred to the Committee on Energy and Commerce
<b>H.R. 1020</b>	<b>Provisions of Interest:</b> Amends the <i>Clean Air Act</i> requirements relating to gasoline to prevent future supply shortages and price spikes in the gasoline market. <ul style="list-style-type: none"> <li>➤ Imposes more stringent formula for gasoline makeup in Federal gasoline : <ul style="list-style-type: none"> <li>➤ Benzene content shall not exceed 1.0 % by volume</li> <li>➤ Aromatic hydrocarbon content shall not exceed 25 % by volume</li> <li>➤ Gasoline shall have no lead content</li> <li>➤ Gasoline shall contain additives to prevent the accumulation of deposits in engines or vehicle fuel supply systems</li> <li>➤ Reid Vapor Pressure of the gasoline shall not exceed 6.8 pounds per square inch (psi) for the high ozone season</li> </ul> </li> <li>➤ Imposes performance standards such that Reid Vapor Pressure not exceed 6.8 pounds per square inch and aggregate emissions of air pollutants from model year 1990 vehicles shall be 15 % less when using baseline gasoline.</li> <li>➤ Establishes baseline gasoline fuel properties.</li> <li>➤ Repeals oxygen content requirement for certain reformulated gasoline, effective January 1, 2004.</li> <li>➤ Eliminates methyl tertiary butyl ether, effective January 1, 2007.</li> </ul>			

Number	Short title	Date	Sponsor	Status
	<ul style="list-style-type: none"> <li>➤ Requires that motor vehicle gasoline be comprised of 1.61% renewable fuel in 2004, and 2.43% up to 2012, and thereafter.</li> <li>➤ Within 7 years of enactment, EPA shall complete and publish a study of the changes in emissions of any air pollutant and in air quality.</li> </ul>			
<b>H.R. 1054</b>	<b><i>Clean Efficient Automobiles Resulting From Advanced Car Technologies (CLEAR ACT) Act of 2003</i></b>	March 4	David Camp (R/MI)	Referred to the Committee on Ways and Means
<b>Provisions of Interest:</b>	<p>Amends the <i>Internal Revenue Code of 1986</i>, to encourage and accelerate the nationwide production, retail sale, and consumer use of new motor vehicles that are powered by fuel cell technology, hybrid technology, battery electric technology, alternative fuels, or other advanced motor vehicle technologies.</p> <ul style="list-style-type: none"> <li>➤ Establishes new qualified fuel cell motor vehicle credits of \$8,000 to \$40,000, based on vehicle weight class.</li> <li>➤ Provides increases in credit for fuel efficiency for new qualified fuel cell motor vehicles (passenger autos, light trucks, and hybrids) based on vehicle weight class.</li> <li>➤ Establishes a new qualified alternative fuel motor vehicle credit for incremental percentage of the cost of new qualified alternative fuel motor vehicle.</li> <li>➤ Modifies credit for qualified electric vehicles to provide up to 10 % of the manufacturer's suggested retail price of the vehicle; further credits based on vehicle weight class.</li> <li>➤ Provides credit of 50 % of cost of installation of qualified clean-fuel vehicle refueling property, not to exceed \$30,000 for any retail clean fuel vehicle refueling property and \$1,000 for residential clean fuel vehicle refueling property. Credit limit shall be reduced by 25 % for vehicles placed in service in 2008, and 50 % for vehicles placed in service in 2009. For qualified clean-fuel vehicle refueling property relating to hydrogen, limit shall be reduced by 25 % for vehicles placed in service in 2012, and 50 % for vehicles placed in service in 2013.</li> <li>➤ Provides credit for retail sale of alternative fueled motor vehicles (with slightly different credits offered for hydrogen-based alternative fueled vehicles).</li> <li>➤ GAO shall conduct and report to Congress by December 31, 2004, and annually after, a study to analyze the effectiveness of the alternative motor vehicles and fuel incentives provisions within this bill to identify the government's forgone revenue to the aggregate amount of energy actually conserved and tangible environmental benefits gained as a result of provisions.</li> </ul>			

Number	Short title	Date	Sponsor	Status
<b>H.R. 1089</b>	<b>No Short Title</b>	March 5	Eliot Engel (D/NY)	Referred to the Committee on Energy and Commerce
	<b>Provisions of Interest:</b>	Requires that the Department of Transportation establish a program to offer Federally financed, interest-free loans to local educational agencies, public institutions of higher education, municipalities, and local governments for the purchase of hybrid electric vehicles or high-efficiency vehicles.		
		➤ Authorizes \$50,000,000 for each of FY 2004 through 2009.		
<b>H.R. 1090</b>	<b>No Short Title</b>	March 5	Eliot Engel (D/NY)	Referred to the Committee on Government Reform
	<b>Provisions of Interest:</b>	Requires that 10 % of the motor vehicles purchased by Executive agencies (including Amtrak, the Smithsonian Institution, and the United States Postal Service) be hybrid electric vehicles or high-efficiency vehicles.		

## SENATE

Number	Short title	Date	Sponsor	Status
<b>S. 464</b>	<b>Renewable Energy Incentives Act</b>	February 27	Harry Reid (D/NV)	Referred to the Committee on Finance
	<b>Provisions of Interest:</b>	Amends the <i>Internal Revenue Code of 1986</i> , to modify and expand the credit for electricity produced from renewable resources and waste products.		
		➤ Increases credit rate for electricity produced from renewable resources and waste products from 1.5 cents to 1.8 cents.		
		➤ Expands qualified resources to include alternative resources, defined as solar, open loop biomass, geothermal, incremental geothermal, incremental hydropower, and landfill gas.		
		➤ Provides increased credit for co-production facilities by .25 cents.		
		➤ Provides increased credit for qualified facility located within qualified Indian land be increased by .25 cents.		
		➤ Amendments shall apply after enactment.		
<b>S. 488</b>	<b>No Short Title</b>	February 25	Larry Craig (R/ID)	Referred to the Committee on Energy and Natural Resources
	<b>Provisions of Interest:</b>	Amends the <i>Internal Revenue Code of 1986</i> , to provide a 5-year extension of the credit for electricity produced from wind from 2004 to 2009.		

Number	Short title	Date	Sponsor	Status
S. 505	<b><i>Clean Efficient Automobiles Resulting From Advanced Car Technologies (CLEAR ACT) Act of 2003</i></b>	March 4	Orrin Hatch (R/UT)	Referred to the Committee on Finance
	<b>Provisions of Interest:</b>	<u>See provisions of <i>H.R. 1054</i></u>		
S. 507	<b><i>Efficient Energy through Certified Technologies (EFFECT) Act of 2003</i></b>	March 4	Olympia Snowe (R/ME)	Referred to the Committee on Finance

Number	Short title	Date	Sponsor	Status
	<b>Provisions of Interest:</b>	Amends the <i>Internal Revenue Code of 1986</i> , to provide incentives to introduce new technologies to reduce energy consumption in buildings.		
		<ul style="list-style-type: none"> <li>➤ Provides the following credits for businesses: <ul style="list-style-type: none"> <li>➤ \$1.00 per each kwh/year of savings for solar hot water property</li> <li>➤ \$4.50 per peak watt of photovoltaic property</li> <li>➤ \$150 for advanced main air circulating fan</li> <li>➤ \$900 for Tier 2 energy-efficient building property</li> <li>➤ \$450 for Tier 1 energy-efficient building property (other than an advanced main air circulating fan)</li> </ul> </li> <li>➤ Provides energy efficiency residential rental building property deductions not to exceed \$600 for a 30% property (property which reduces total annual energy and power costs with respect to heating and cooling of the building by at least 30 percent) or \$1,500 for a 50 % property.</li> <li>➤ Provides new energy efficient home credit not to exceed \$600 for 30% home (average annual energy cost to the homeowner, which is at least 30 percent less than the annual level of heating and cooling energy consumption of the standard design reference home), or \$2,000 for a 50% home.</li> <li>➤ Provides for nonbusiness energy property credit of \$200 for 30% property and \$500 for 50% property. Provides 35 per each kWh/year of savings for elected solar hot water property and \$1.50 per peak watt for photovoltaic property.</li> <li>➤ Provides the following credits for highly energy-efficient principal residences: <ul style="list-style-type: none"> <li>➤ \$300 for Tier 2 energy-efficient building property.</li> <li>➤ \$50 for advanced main air circulating fan.</li> <li>➤ \$150 for Tier 1 energy-efficient building property (other than advanced main air circulating fan).</li> <li>➤ \$1,000 for solar hot water property.</li> <li>➤ \$6,000 for photovoltaic property.</li> </ul> </li> </ul>		
S. 522	<b><i>Native American Energy Development and Self-Determination Act of 2003</i></b>	March 5	Ben Campbell (D/CO)	Referred to the Committee on Indian Affairs
	<b>Provisions of Interest:</b>	Amends the <i>Energy Policy Act of 1992</i> , to assist Indian tribes in developing energy resources.		
		<ul style="list-style-type: none"> <li>➤ DOE shall establish and implement an Indian energy resource development program to assist Indian tribes and tribal consortia in achieving the purposes of this legislation.</li> <li>➤ Within 2 years of date of enactment and every 2 years thereafter, DOE shall submit to Congress a report on energy development potential on Indian land that identifies barriers</li> </ul>		



Number	Short title	Date	Sponsor	Status
	to the development of renewable energy by Indian tribes (including legal, regulatory, fiscal, and market barriers) and recommend how to remove barriers.			
	➤ HUD shall promote energy conservation in housing located on Indian land through use of energy-efficient technologies and innovations (including the procurement of energy-efficient refrigerators and other appliances), promotion of shared savings contracts, and through use and implementation of such other similar technologies and innovations.			

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## V. ADMINISTRATION INITIATIVES

*Strategic Petroleum Reserve* Last week, Kyle McSillarow, Deputy Secretary of Energy released a statement in response to Democratic criticism on the Administration's handling of the Strategic Petroleum Reserve. In a report released last week by the Democratic staff of the Senate Permanent Subcommittee on Investigations (Committee on Governmental Affairs) the Administration was criticized for last year's purchase of oil for SPR while prices were high and supply was low. The report states that this action contributed to the increase in the cost of oil. Mr. McSillarow said this action was in response to a November 2001 executive order requiring that SPR be filled to capacity (700 million barrels of oil), in addition, Mr. McSillarow said:

In 2002 the Department of Energy took delivery of approximately 40 million barrels of crude from the market for the Strategic Petroleum Reserve. These deliveries reflected the return of oil released from the Reserve in 2000, as well as action on the President's directive to fill the Reserve to capacity.

To put this into context, the global market for crude oil in 2002 was approximately 28 billion barrels. The amount used to increase the size of the reserve in 2002 is fourteen one-hundredths (0.0014 percent) of one-percent of the global market.

During a hearing last week before the Subcommittee on Energy Air Quality (Committee on Energy and Commerce), Mr. McSillarow revealed that the Administration is considering increasing the storage capacity of SPR. He told members that the Administration "intends to shortly to initiate a study to determine the optimal size of the reserve...the results of this analysis are necessary to determine the full range of impacts on markets and national security of any decision to adjust capacity following its expected fill in 2005."

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## VI. HEARINGS SCHEDULE

### HOUSE – COMMITTEE ON APPROPRIATIONS

Date/Committee	Chair	Hearing Title/Issues	Witnesses	Time/Location
<i>March 13</i> –  Subcommittee on Energy and Water Development	David Hobson (R/OH)	<i>Hearing</i> –  Department of Energy Budgets for Science, Nuclear Energy, and <b>Renewable Energy</b>	TBA	10:00 a.m. Room 2362B Rayburn Office Building

### HOUSE – AUTHORIZATIONS/OVERSIGHT

Date/Committee	Chair	Hearing Title/Issues	Witnesses	Time/Location
<i>March 12</i> –  Subcommittee on Energy and Air Quality  (Committee on Energy and Commerce)	Joe Barton (R/TX)	<i>Hearing</i> –  <b>Comprehensive National Energy Policy</b>	TBA	2:30 p.m. Room 2123 Rayburn Office Building
<i>March 12</i> –  Committee on the Budget	Jim Nussle (R/IA)	<i>Markup</i> –  FY 2004 Budget Resolution	TBA	10:30 a.m. Room 210 Cannon Office Building
<i>(NEW)</i>				
<i>March 13</i> –  Subcommittee on Energy and Air Quality  (Committee on Energy and Commerce)	Joe Barton (R/TX)	<i>Hearing</i> –  <b>Comprehensive National Energy Policy</b>	TBA	9:30 a.m. Room 2123 Rayburn Office Building
<i>(NEW)</i>				

## SENATE – COMMITTEE ON APPROPRIATIONS

Date/Committee	Chair	Hearing Title/Issues	Witnesses	Time/Location
<i>March 12</i> –  Subcommittee on Energy and Water Development	Pete Dominici (R/NM)	<i>Hearing</i> –  Funding for the Department of Energy’s Office of Science, Office of Nuclear Science and Technology <b>and Renewable Energy</b>	TBA	2:30 p.m. Room 124 Dirksen Office Building

## SENATE – AUTHORIZATIONS/OVERSIGHT

Date/Committee	Chair	Hearing Title/Issues	Witnesses	Time/Location
<i>March 11</i> –  Committee on Energy and Natural Resources	Pete Dominici (R/NM)	<i>Hearing</i> –  <b>Federal Programs for Energy Efficiency and Conservation</b>	David Garman, Assistant Secretary, Energy Efficiency and Renewable Energy, Department of Energy  Joseph McGuire, President, Association of Home Appliance Manufacturers  Paul Lynch, Assistant Commissioner, Office of Business Performance (PX), General Services Administration  Erbin Keith, Senior Vice President, Sempra Energy Solutions	10:00 a.m. Room 366 Dirksen Office Building

Date/Committee	Chair	Hearing Title/Issues	Witnesses	Time/Location
			David Nemptow, President, Alliance to Save Energy	

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## CONFERENCE COMMITTEE NEGOTIATIONS/FLOOR VOTES

*No conference committee activities of interest have been scheduled.*

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